

Fiscal Year 2022-23 Department Performance Plan

July 1, 2022



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Department Overview

The Colorado Department of Health Care Policy & Financing fiscal year (FY) 2022-23 performance plan is an annual report on progress made toward achieving our mission and supporting goals. This report includes accomplishments, project status, findings, data and policy, and administrative difficulties in the operation of our programs as of FY 2021-22, Quarter 3. This report is completed for the Colorado General Assembly; stakeholders, providers and contractors; the people of Colorado; and staff of the Department of Health Care Policy & Financing (herein referred to as “HCPF” or “the Department”).

HCPF is the single Colorado state agency responsible for administering the Medicaid program (Title XIX of the Social Security Act) and the Children’s Health Insurance Program (Title XXI of the Social Security Act). Colorado’s Medicaid program is called [Health First Colorado](https://www.healthfirstcolorado.com)¹ and our Children’s Health Insurance Program is called [Child Health Plan Plus](https://hcpf.colorado.gov/child-health-plan-plus) (CHP+)². In addition to these programs, HCPF administers the Colorado Indigent Care Program (CICP), the Old Age Pension State Medical Program, the Primary Care Fund and the School Health Services Program. We also provide health care policy leadership, such as affordability best practices, innovation opportunities, policy guidance and subject matter expertise, for the state’s executive branch, legislative branch and purchasers. As the largest payer in the state - now covering one in four Coloradans - we also collaborate with the state’s largest health plans to create best practices on shared initiatives to the benefit of Coloradans. The Department also oversees the state’s All Payer Claims Database (APCD). HCPF is also the fiscal agent for the Office of eHealth Information (OeHI), houses the OeHI and provides support services to OeHI such as procurement, budgeting, contract management and federal engagement support.

As of the writing of this report, the Department provides health care coverage - such as medical, prescription drugs and behavioral health - to one in every four Coloradans, or more than 1.6 million people, through its safety net coverage programs. HCPF does not directly provide or deliver medical services; rather, we administer programs as well as contract with a network of providers who render services to eligible members. We serve Coloradans who are eligible for and enrolled in Health First Colorado and CHP+, and those who receive services through the other

¹ <https://www.healthfirstcolorado.com>

² <https://hcpf.colorado.gov/child-health-plan-plus>



programs described above. In serving these Coloradans, we partner with medical, dental, behavioral health, vision and other medical care providers as well as long-term services and supports providers; other state agencies; the Centers for Medicare & Medicaid Services (CMS); advocates for member populations; the Governor’s Office and the Colorado General Assembly; service contractors; expert consultants and advisors; various nonprofit entities; commercial carriers; and entities that help individuals apply for benefits such as Colorado counties, local government agencies and medical assistance sites.

Health First Colorado receives approximately 60% of its funding from the federal government, while CHP+ is approximately 65% federally funded. Less than 4% of HCPF’s budget goes to administrative costs, while 96% goes to health care provider payments.

Mission, Vision and Organizational Chart

Our mission and vision statements guide our work and are shown below:

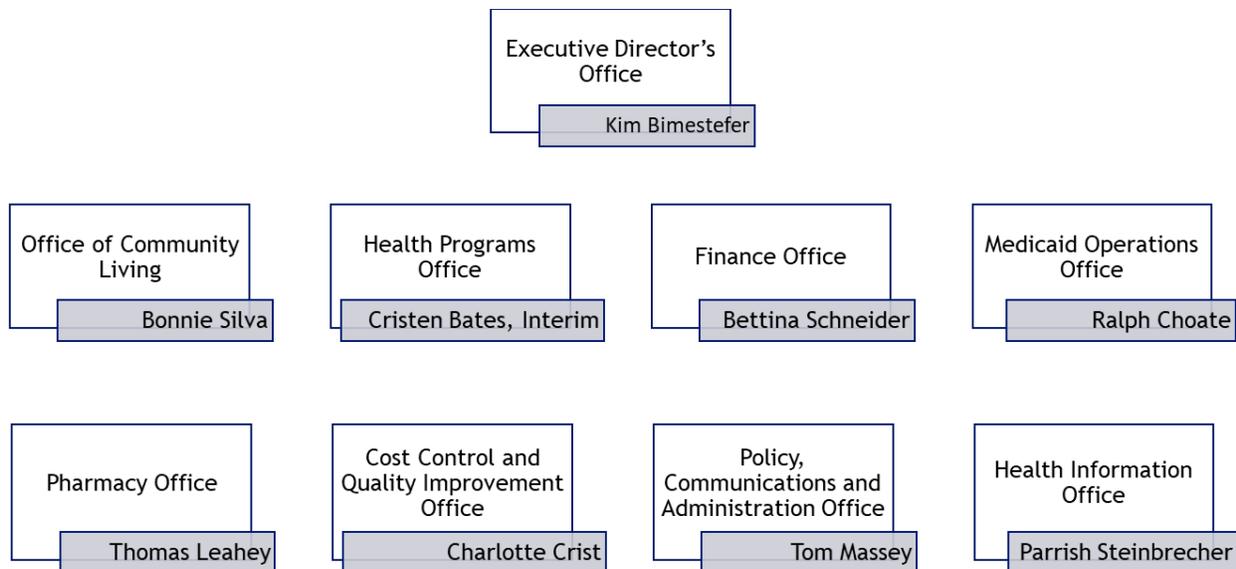


Our Mission:

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

Our Vision:

Coloradans have integrated health care and enjoy physical, mental and social well-being.



Department Description

The Department is structured into the following offices, led by Office Directors, reporting to the Executive Director. This structure enables the Department to be more agile in responding to the changing dynamics of health care, while leveraging the expertise and specialization associated with each office. It also enables the Department to more readily consider replacing contractors with full-time equivalents when that presents an opportunity for improvements in efficiency, agility or performance.

Executive Director's Office: Kim Bimestefer was reappointed Executive Director of the Department by Governor Jared Polis, after her first appointment effective Jan. 8, 2018, by then Governor John Hickenlooper. The Executive Director is responsible for setting the strategic direction of HCPF as well as leading HCPF to achieve its vision, mission and annual goals; creating alignment with other state agencies to achieve the health care agenda of the Governor; overseeing the operations and programs of the Department that are provided by both employees and contractors; and ensuring HCPF operates in an efficient and effective manner. This office oversees human resources and learning and development to support HCPF employees, who are the number one focus for the Department - hiring, retaining and cultivating our own employees to rise and thrive in their quest to meet the Department's mission, vision and goals.

Health Programs Office: Historically, the Medicaid Director is also the Director of the Health Programs Office, which oversees Health First Colorado and CHP+, and most of the Department benefit programs, such as physical, prescription drug, dental, transportation, behavioral health benefit programs and more. The office manages benefit policy development, maintenance and oversight, and is responsible for key functions including benefit coverage appeals, and federal and state compliance activities.

Office of Community Living: The Office of Community Living oversees Health First Colorado's long-term services and supports (LTSS) programs and manages efforts to transform Colorado's LTSS system to ensure responsiveness, flexibility, accountability and person-centered supports for all eligible persons. The office also manages benefit policy development, maintenance and oversight of the benefits provided to individuals with disabilities and adults 65 and older covered by related waiver programs.

Pharmacy Office: The Pharmacy Office oversees the prescription drug benefits provided to Health First Colorado and CHP+ members through our pharmacy benefit manager (PBM) and directly from providers, like pharmacies, hospitals and doctors. The office is responsible for ensuring appropriate prescription drug policy as well as clinically appropriate and cost-effective use of medications. Focus areas include the Colorado Preferred Drug List Program; drug utilization review including analysis and input from the Colorado Drug Utilization Review Board; value based contracting; prescription drug affordability policy; reimbursement strategy; and contracting. The office also manages the point-of-sale pharmacy claims adjudication system (the Pharmacy Benefit Management System, or PBMS). The Pharmacy Office also collaborates with the Executive Director's Office to craft prescription drug affordability policy to the benefit of Coloradans covered by commercial coverage to help Coloradans and their employers save money on health care.

Medicaid Operations Office: The Medicaid Operations Office oversees Health First Colorado and CHP+ health plan operations performed by both Department employees and third-party contractors. In addition, this office establishes and monitors the operational performance standards for internal operations and Department contractors, and performs fraud, waste and abuse oversight and mitigation functions. Operations include claims payments, member and

provider call centers, member enrollment, eligibility determinations made by contracted partners and provider network management.

Finance Office: The Finance Office is responsible for the financial strategy, budgeting, accounting, external and internal audits, and risk management and procurement operations of HCPF. This includes presenting budgetary needs to Colorado executive and legislative authorities and forecasting program caseload and expenditures throughout the fiscal year. The office is also responsible for monitoring, developing and implementing rates for payments to providers, including value based payments and managed care rate setting for capitated programs.³

Cost Control & Quality Improvement Office: The Cost Control & Quality Improvement Office was established July 1, 2018, by the Medicaid Cost Containment law ([Colorado Senate Bill \(SB\) 18-266](#)).⁴ This office manages programs that improve Health First Colorado affordability, which protects benefits - a critical quest given that HCPF consumes about one-third of the state's general funds. This office also manages claims data repositories as well as tools and resources to produce directional analyses and management insights such as utilization patterns, unit cost, quality and overall cost trends for Health First Colorado, CHP+ and other health programs HCPF administers. The office oversees utilization review, population management, case and disease management program innovations, quality scorecard metrics, cost management strategy, vendors and program effectiveness, while sharing Regional Accountable Entity innovations and performance evaluation with the Department's Health Programs Office. The office also leads collaborative efforts to save Coloradans money on health care by improving affordability of commercial coverage and the efficiency and quality of care delivery to the benefit of Coloradans and their employers. This office, in collaboration with the Executive Director, does this by leveraging the insights, expertise, size and scope of seasoned office experts, Health First Colorado, CHP+, Department leaders and staff, and our many strategic partners.

³ Examples of such programs include but are not limited to: Program of All-Inclusive Care for the Elderly, CHP+, behavioral health and managed care organizations.

⁴ https://leg.colorado.gov/sites/default/files/documents/2018A/bills/2018a_266_enr.pdf



Policy, Communications and Administration Office: The Policy, Communications and Administration Office manages the legislative agenda, government affairs, communications, media relations and legal affairs. This includes collaborating with our stakeholders in the General Assembly, county human services directors and staff, local public health representatives and county commissioners, as well as leaders of federally recognized tribes and urban American Indian communities.

Health Information Office: The Health Information Office develops, implements and maintains the Department’s claims payment system (Medicaid Management Information System, or MMIS) and data management system (Business Intelligence Data Management System, or BIDM). The office also oversees health information technology (HIT) projects and related information technology (IT) infrastructure. This office coordinates with the Governor’s Office of Information Technology (OIT), the Office of eHealth Innovation (OeHI) and other stakeholders on HIT and IT projects that impact HCPF. In 2021, and in partnership with the Medicaid Operations Office, HIO assumed shared responsibility with OIT and the Colorado Department of Human Services (CDHS) for the management of the state’s eligibility system, Colorado Benefits Management System (CBMS).

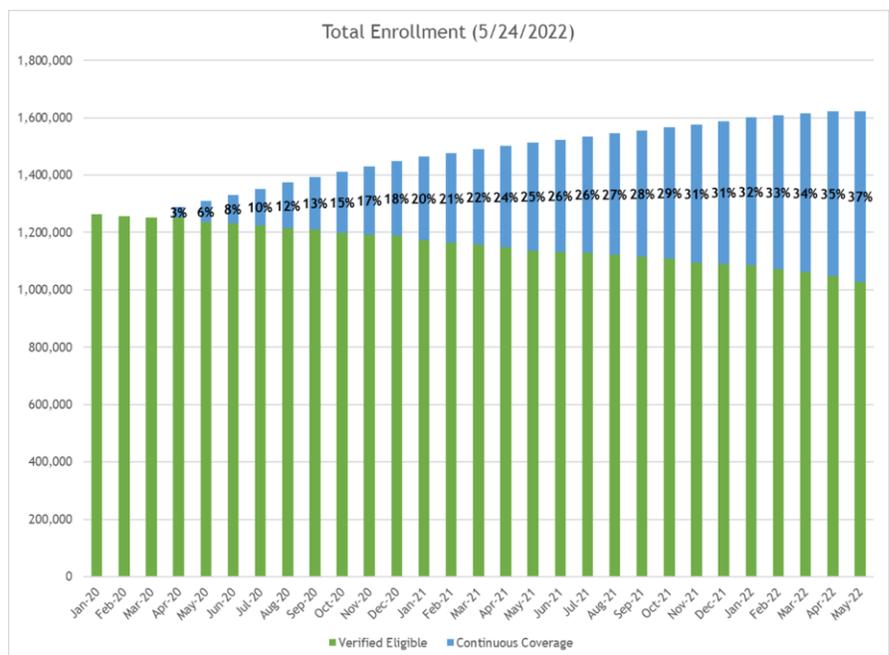
Environment

The following are key environmental factors influencing the Department's performance:

1. End of Public Health Emergency

At the beginning of the COVID-19 pandemic, the federal government declared a public health emergency (PHE). In Section 6008 of the Families First Coronavirus Response Act, Congress conditioned temporary enhanced federal Medicaid funding with a requirement that generally prohibits a state from disenrolling any individual who was enrolled as of the date of enactment until the last day of the month in which the PHE ends. As a result, Colorado needed to continue health care coverage for all medical assistance programs, even if a member's eligibility changes. In addition, Colorado elected to provide this same protection to CHP+ members. As a result, Health First Colorado and CHP+ members remained enrolled and eligible to receive benefits during the PHE. The PHE was extended on Apr. 16, 2022.⁵

Monthly medical assistance enrollment with the continuous coverage population is shown in the graph below, including total medical assistance enrollment since January 2020, with the continuous coverage population highlighted in blue, which accounts for 37% of total enrollment (or around 610,000 people). Of those, an estimated 25,000-50,000 currently enrolled in Health First Colorado would



⁵ <https://www.phe.gov/emergency/news/healthactions/phe/Pages/default.aspx>



be eligible for and could be transitioned to CHP+.

Colorado's 64 counties and 11 Medical Assistance (MA) and Eligibility Application Partner (EAP) sites are responsible for processing new eligibility applications. Counties, Connect for Health Colorado and Denver Health assistance sites are responsible for eligibility renewal redeterminations. This structure categorizes Colorado as a state-supervised, county-administered system for public assistance. HCPF reimburses counties for eligibility determinations based on staffing and related administrative costs. When the PHE ends, HCPF and Colorado's counties will be responsible for reviewing eligibility of all members whose coverage and/or benefits were locked in during the PHE, processing redeterminations, and communicating with Health First Colorado and CHP+ members about any changes. Existing federal guidance requires that states complete post-enrollment verifications within 14 months from the expiration of the PHE, the date of which is yet to be announced.

The Department has been planning ahead for the end of the PHE with partner counties and Connect for Health Colorado to achieve three key goals:

1. Maintain member continuity of coverage
2. Enable smooth transitions and a positive member experience
3. Minimize impact to eligibility workers and state staff

Starting in February 2022, the Department revamped its renewal process, putting in place greater automation and streamlining processes so that many members' renewals are processed automatically without the member or county worker having to take any renewal redetermination action. The Department also reformatted the renewal packet for clarity and enhanced member tools, including e-signing. The Department has been actively engaging members with outreach and other communications, as well as closely coordinating operations with county eligibility partners.

The eligibility review process is a top priority for the Department, with a keen focus on keeping Colorado's uninsured rate steady through this transition. To achieve that goal, we are actively engaged in the following:

- Making the renewal process as easy as possible for people to stay on Health First Colorado/CHP+ who remain eligible
- Waiving the CHP+ annual enrollment premiums as approved by the General Assembly, enabling the auto-enrollment of children into CHP+ who no longer qualify for Health First Colorado but do qualify for CHP+
- Leveraging the Department’s working relationship with Connect for Health Colorado and the newly available monies through [SB22-081](#)⁶ that will improve awareness of coverage programs and financial assistance available for Health First Colorado, CHP+ and Connect for Health Colorado coverage, making such programs more affordable and accessible

All of the above efforts, along with the efforts of counties, providers, advocates and other stakeholders, will help enable smooth transitions to other coverage.

After the PHE ends and we complete the eligibility review process, we expect the number of Coloradans covered by Health First Colorado and CHP+ to decline by an estimated 290,000. Membership is projected to remain above pre-pandemic levels after the end of the PHE, with continued increases month to month after that. Still, this will represent a significant shift in the health acuity of the population that remains covered by Health First Colorado and CHP+. The Department is working closely with Connect for Health Colorado and developing a robust communication plan to ensure a smooth transition to the marketplace or employer-based insurance.

Specifically, many of the Coloradans transitioning off Health First Colorado and CHP+ at the end of the PHE will represent a healthier population while those who will remain members tend to have increased health risks and accordingly higher health care costs, reversing what HCPF experienced coming into the PHE. Thus, we expect the Department’s overall claims costs will go down while the per member per month (PMPM) claims costs will rise. This shift in the population will impact our overall medical and pharmacy cost trends. Additionally, some members have foregone preventive, routine and other health care during the pandemic, which could lead to worse health outcomes

⁶ <https://leg.colorado.gov/bills/sb22-081>

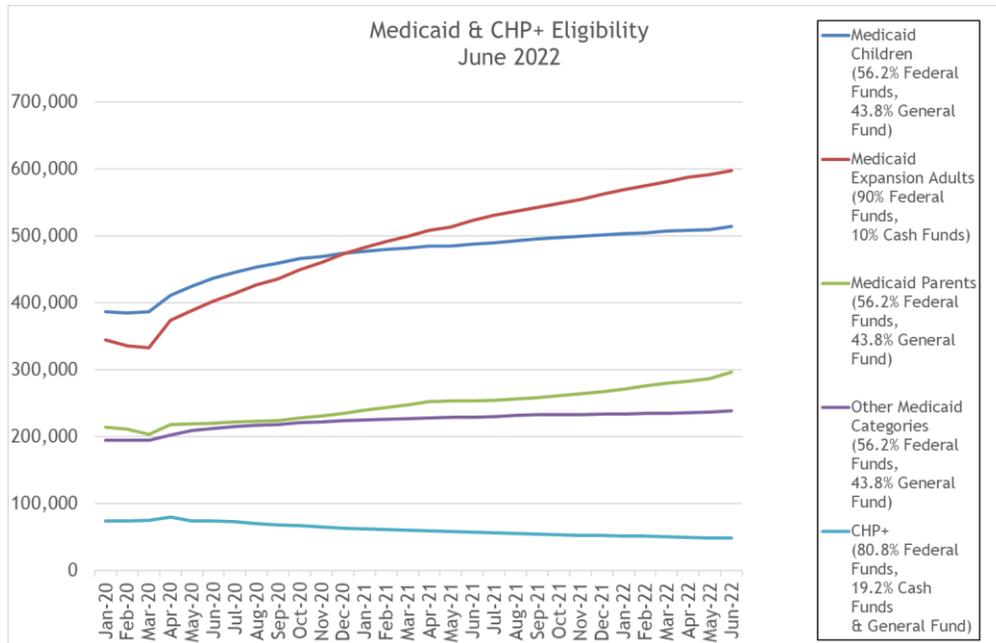
and increased future costs for Health First Colorado. Finally, we do not yet know the impacts of long-term COVID-19, sometimes referred to as post-COVID conditions or “long COVID.”

2. Growth in Membership During Public Health Emergency

An economic downturn primarily affects HCPF by increasing Health First Colorado and CHP+ enrollment and membership (referred to technically as caseload). During an economic downturn, unemployment rises, particularly for people with lower incomes. This unemployment causes Coloradans to lose employer-sponsored coverage, in addition to reducing household income. As a result, Health First Colorado and CHP+ membership can rise rapidly. This was indeed true during the economic downturn generated by the COVID-19 pandemic. As of May 2022, the total number of Health First Colorado/CHP+ members increased from 1.25 million in March of 2020 to 1.62 million, which is an increase of 30%, or more than 370,000 Coloradans. This increase in membership was also a result of the requirements associated with the public health emergency (PHE). As described above, during the PHE, the federal government requires medical assistance program coverage to be continuous, so people enrolled in Health First Colorado when the PHE began have in most cases maintained their Health First Colorado coverage. As a result, Colorado has held its uninsured rate steady at 6.6% through the pandemic by keeping Coloradans covered with our Department’s health coverage programs.⁷

Since March 2020, the populations that have seen the greatest increase in enrollment are Health First Colorado (Colorado’s Medicaid program) Expansion Adults, Health First Colorado Children and Health First Colorado Parents. As of May 2022, Health First Colorado Expansion Adults have increased 76% and account for 54% of the overall growth. Health First Colorado Children have increased 32% and account for 26% of overall growth. Health First Colorado Parents have increased 39% and account for 17% of overall growth. These increases are shown on the graph below:

⁷ <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>



Shown for Health First Colorado (Colorado’s Medicaid program) and Child Health Plan *Plus* (CHP+)

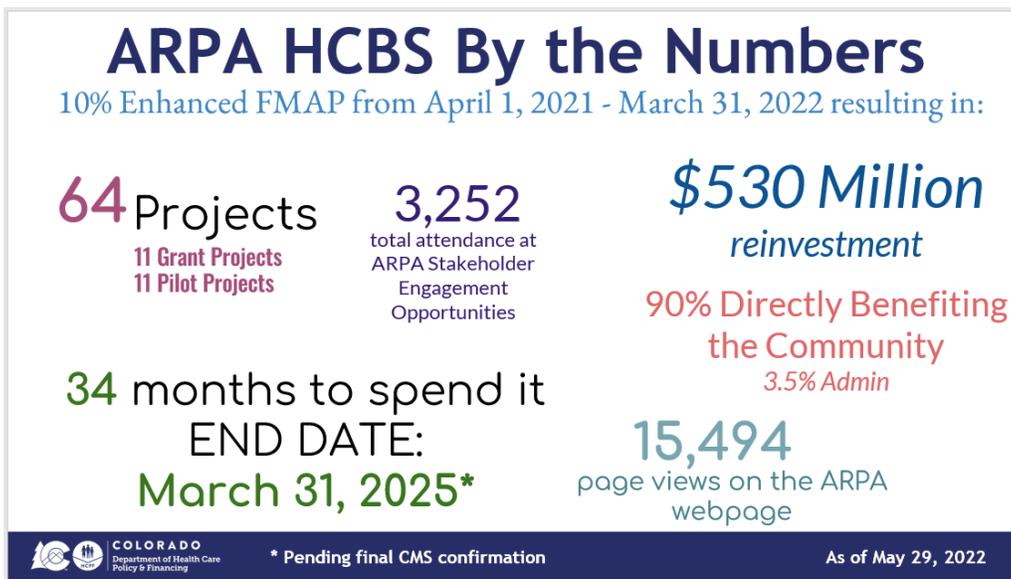
3. American Rescue Plan Act

The American Rescue Plan Act (ARPA) has provided unprecedented relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The Department focused on directing ARPA funding toward transformational projects related to:

- Strengthening the behavioral health safety net, stabilizing behavioral health crisis services, improving behavioral health access and integrating behavioral health into primary care
- Closing gaps in the care continuum such as improving the affordability and accessibility of rural care
- Addressing health disparities with a focus on COVID-19 vaccination rates, including through evidence-based policy interventions
- Targeting services to high-risk populations, especially members with disabilities and members aged 65 and older
- Investing in the health care workforce with particular attention to the direct care workforce
- Funding new wraparound services such as housing supports

Of note, ARPA included a one-time 10% federal medical assistance percentage (FMAP) increase for home and community-based services (HCBS). Colorado was

one of the first states in the nation to receive state and federal approval of its ARPA HCBS spending plan, begin implementing the plan and start drawing down federal matching funds. As of May 2022, the Department has more than 50 of 64 planned projects in progress to make lasting improvements to home and community-based services as well as focused efforts to improve the recruitment and retention of direct care workers, including implementing a new \$15 per hour base wage. [The latest quarterly reports](#) were submitted to CMS and the Colorado General Assembly Joint Budget Committee (JBC)⁸ in May 2022 with dashboards illustrating statuses of projects and a total projected spend of about \$530 million in ARPA dollars to achieve shared goals.⁹ These projects were developed in close collaboration with stakeholders through and beyond our 18 ARPA HCBS focused webinars to date, [ARPA webpage](#) and monthly [newsletter](#).^{10,11}



The Department is intent on ensuring that we fully leverage the historic ARPA stimulus funding to not only address the immediate needs of those we serve, but also to make lasting improvements to the health care delivery system. That

⁸ The JBC on March 3, 2022, unanimously passed the formal spending authority for S-10/BA-10 HCBS ARPA spending authority, including \$16.7 million in funds requested off-cycle. Total funds now available through the ARPA HCBS spend plan are \$529 million. The state has drawn down more than \$300 million to date.

⁹ <https://hcpf.colorado.gov/arpa>

¹⁰ <https://hcpf.colorado.gov/arpa>

¹¹ <https://hcpf.colorado.gov/arpa/newsletter>

is why we are prioritizing this work and dedicating substantial time, technology and resources to it - **because we may never see a transformative opportunity at this scale again in our lifetimes.**

4. Pandemic to Endemic Transition

The Department is collaborating with the state to transition the industry from pandemic response to endemic management and pandemic readiness. As such, many of the methods for preventing, testing and treating COVID-19 will be operationalized and embedded systematically within the health care delivery system, while the state government is in a supporting, monitoring and regulating position, and ready to step in again during times of surges or full pandemic status.

To achieve this transition, HCPF is collaborating with other state agencies as well as partners in the delivery system. Key projects include shifting from COVID-19 vaccine pop-up clinics to long-term immunization plans that are integrated into the primary care setting. Another key project is shifting from standalone testing sites to integrated test-to-treat clinics embedded within the operations of ambulatory care settings, so that members who test positive for COVID-19 are given rapid treatment to mitigate severe COVID-19, reducing the risk of hospitalization and death.

Additionally, HCPF and other state departments are working collaboratively with the hospital industry on [Colorado House Bill \(HB\) 22-1401](#),¹² [HB22-1352](#)¹³ and [SB22-226](#)¹⁴ on ensuring surge capacity in terms of workforce, personal protective equipment (PPE), beds and other measures so that the system evolves its ability to rapidly scale to the demands of the ebb and flow of seasonal surges in COVID-19, flu and other respiratory viruses that may coincide.

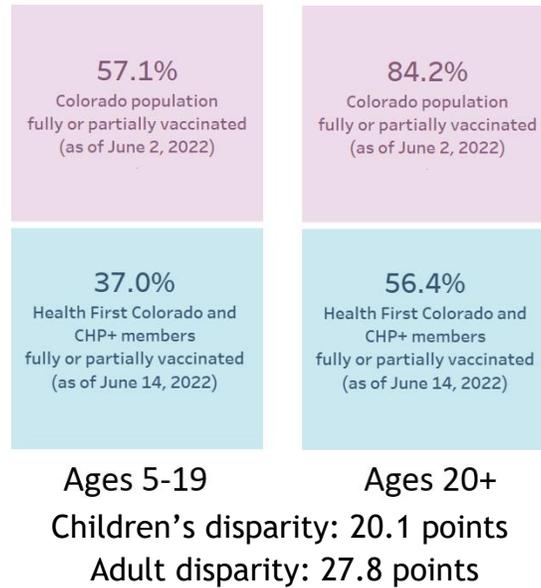
Vaccination remains the best protection against infection, hospitalization and death due to COVID-19. However, Health First Colorado and CHP+ members are vaccinated at significantly lower rates compared to the general state population (see below). That is why the Department, with CMS approval, has

¹² <https://leg.colorado.gov/bills/hb22-1401>

¹³ <https://leg.colorado.gov/bills/hb22-1352>

¹⁴ <https://leg.colorado.gov/bills/sb22-226>

almost tripled provider reimbursement rates for vaccinating and boosting members. The Department has also partnered with our Regional Accountable Entities and health care providers to do outreach and education as well as bring vaccines to members, resulting in increasing the vaccination rate of members with disabilities and reducing the vaccination rate disparity between members of color and white members to three percent or less. The Department continues to work to monitor and increase member vaccination rates.



5. Increasing Demand for Behavioral Health Services

The pandemic exacerbated the increasing demand for behavioral health services. As part of the State of Colorado efforts, the Department is focused on behavioral health reform that puts people first and makes bold changes to how the state delivers mental health and substance use services, including the \$450 million in ARPA funding to implement [Behavioral Health Transformation Task Force Recommendations](#).¹⁵

These transformational investments informed a host of bills passed this session. These bills establish the Behavioral Health Administration (BHA) ([HB22-1278](#)).¹⁶ They improve access and quality outcomes, invest in local behavioral health

¹⁵ https://leg.colorado.gov/sites/default/files/images/bhttf_recommendations_report_final.pdf

¹⁶ <https://leg.colorado.gov/bills/hb22-1278>

programs ([HB22-1281](#))¹⁷ and expand the workforce. They also make substantial investments in person-centered behavioral health as opposed to criminalizing behavioral health crises. The package of 20 bills enhances physical and behavioral health integration ([HB22-1302](#)),¹⁸ invests in increased accountability ([HB22-1268](#))¹⁹ and more. The Department will be working with other state agencies to implement legislation that designs a comprehensive and cohesive behavioral health system and strengthens the behavioral health safety net in order to serve the needs of Coloradans and make sure the system works for everybody.

The Department is also making historic investments in our behavioral health budget; with a funding increase of over \$400 million since 2018, the total behavioral health budget for FY 2022-23 is over \$1 billion. Additionally, the Department is working to increase safety net behavioral health transparency in four areas: (1) new cost reporting templates, protocols and technical assistance to modernize reimbursement rates for community mental health centers; (2) a universal contract that defines obligations of safety net providers in meeting the needs of their communities while also holding payers like Health First Colorado and the BHA more accountable to behavioral health providers; (3) value based payments that align with universal contracts and create and reward shared patient outcome and health equity goals; and (4) opportunities to reduce providers' administrative burden.

The Department has been actively engaged throughout this process including: identifying problems, opportunities and solutions; informing policy making; and implementing comprehensive legislation into benefits, programs, policy and initiatives for the betterment of our members.

6. Increasing Health Care Costs, Anticipated Reduced Revenue & “Fiscal Cliff”

The affordability of health care continues to be one of the most significant challenges here in Colorado and across the nation. CMS predicts that [national health spending](#) will grow at an average rate of 5.4% per year between 2019 and 2028, outstripping growth in the nation's Gross Domestic Product. CMS also

¹⁷ <https://leg.colorado.gov/bills/hb22-1281>

¹⁸ <https://leg.colorado.gov/bills/hb22-1302>

¹⁹ <https://leg.colorado.gov/bills/hb22-1268>

predicts that Medicaid spending will grow at a rate of 5.5%, which is between the projected rate of Medicare growth at 7.6% and private health insurance growth at 4.8%. CMS identifies that key trends involve rapid increases in prescription drug spending, hospital spending, and physician and clinical services.²⁰

Additionally, we will see diminishing federal stimulus dollars over time and increasing pressure on Colorado state revenue dollars to keep pace with rising expenses. It is important to note that the state's Taxpayer's Bill of Rights (TABOR) Amendment limits do not recognize medical inflation or that HCPF health care expenses consume almost one-third of available state general fund dollars.

In alignment with the Polis Administration priority to save people money on health care, HCPF participates in the Office of Saving People Money on Health Care and the Health Cabinet, both of which are led by Lt. Gov. Primavera. Additionally, HCPF's mission statement includes "...*saving Coloradans money on health care and driving value for Colorado,*" reflected in Department goals intended to drive policy, transformation and affordability impact. In partnership with the Health Cabinet, HCPF conducts research, analytics and reporting that identifies drivers of rising health care costs and the strategies to address them at both state and federal levels.

As such, HCPF is focused on delivery system innovations and regulatory structures that prioritize better health outcomes and affordability. Below are prominent environmental factors affecting affordability and solutions to address them:

- The high cost of prescription drugs, especially specialty drugs, is a challenge for Health First Colorado, CHP+ and all health plans. In January 2021, HCPF released the second edition report, [*Reducing Prescription Drug Costs in Colorado*](#).²¹ Patent protections, specialty drugs and lack of price transparency are the top factors fueling rising drug costs. The report makes both state and federal recommendations to

²⁰ <https://www.cms.gov/files/document/nhe-projections-2019-2028-forecast-summary.pdf>

²¹ <https://hcpf.colorado.gov/publications>

achieve meaningful reductions in the total cost of prescription drugs for Health First Colorado/CHP+ as well as for Colorado and Coloradans.

- Colorado’s hospital prices are some of the highest in the country - ranking in the top 10 nationally for three years running, in the aggregate.²² Colorado hospitals’ higher profits are partly attributable to increased Health First Colorado reimbursement and health care coverage expansions (creating a lower uninsured rate of 6.5%-6.6%). Health care coverage expansions are financed largely through the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) hospital provider fee and the Affordable Care Act (ACA).^{23, 24} However, concurrently, hospital prices to commercial insurance carriers have risen²⁵ and health care costs consumed more of Coloradans’ dollars and the total state budget.^{26, 27} At the same time, 46% of U.S. adults reported difficulties affording out-of-pocket costs for medical care²⁸ and one in five Coloradans chose not to seek health care services because of

²² Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For further details on the Department’s Medicare Cost Report analysis, please see Appendix A of the *Hospital Cost, Price and Profit Review* at <https://hcpf.colorado.gov/hospital-reports-hub>

²³ Colorado Health Care Affordability Act, HB09-1293. 2009 Regular Session. (2009). Page 2. [http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/\\$FILE/1293_enr.pdf](http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/$FILE/1293_enr.pdf)

²⁴ Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (2010). <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>

²⁵ The CHASE Annual Report provides payment-less-cost per patient figures. Although not within the report, commercial insurance payment per patient figures have been calculated using the same dataset. Commercial insurance payment per patient figures have increased every year along with commercial insurance payment-less-cost per patient figures. Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

²⁶ See Figure 1 on page 8 of the *Hospital Cost, Price & Profit Review*. Department of Health Care Policy & Financing. (2021, August). *Hospital Cost, Price & Profit Review*. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

²⁷ Health services make up 46.2% of the FY 2021-22 state budget and include: Health Care Policy & Financing (36.3%), Department of Public Health & Environment (1.8%) and the Department of Human Services (8.1%). This is a 4.2% increase from FY 2014-15’s state budget driven by Health Care Policy & Financing’s growth. Colorado General Assembly. (n.d.). *The Operating Budget. Explore the Colorado State Budget*. Retrieved from <https://leg.colorado.gov/explorebudget>.

²⁸ Kearney, A., Hamel, L., Stokes, M., & Brodie, M. (2021, December 14). *Americans’ Challenges with Health Care Costs*. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs>.



affordability.²⁹ While Colorado is fortunate to have a healthy population that contributes to lower per capita costs, the prices for individual procedures, inpatient care and outpatient care are higher than average in Colorado and vary widely across hospitals. HCPF's March 2022 [Hospital Insights Report](#) synthesizes findings from six hospital financial reports and offers policy considerations for the state and hospitals to partner to drive appropriate and productive community investments, rural hospital sustainability and affordability within the framework of pandemic preparedness and the shift to endemic management within the delivery system.³⁰

- In March 2022, HCPF hosted a [Health Cabinet Policy Summit](#) with the Lt. Gov. and executive directors of sister state agencies on affordability, behavioral health, coverage and pandemic to endemic readiness, attended by approximately 1,000 people across the health care industry and government.³¹
- The Hospital Transformation Program (HTP) is one of the largest and most comprehensive programs impacting hospital affordability to the benefit of all Coloradans and the Health First Colorado program. The HTP is the state's first major effort to significantly redirect hospital supplemental payments toward major delivery model transformation to the betterment of all Coloradans, regardless of payer or coverage type. The goal of the HTP is to improve the quality of hospital care provided to Health First Colorado members by tying provider fee funded hospital payments to quality-based initiatives. A critical component of the HTP is its Rural Support Fund, which helps prepare critical access and rural hospitals for future value based payment environments.
- The Department maintains an [Affordability](#) website as a repository of affordability strategies and projects.³²
- HCPF is working to implement new alternative payment models (APMs), a type of value based payment program, that condition a portion of

²⁹ Colorado Health Institute. (2021, October 25). 2021 Colorado Health Access Survey: Health Insurance Coverage. Retrieved from <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>.

³⁰ <https://hcpf.colorado.gov/hospital-reports-hub>

³¹ <https://hcpf.colorado.gov/affordability>

³² <https://hcpf.colorado.gov/affordability>

reimbursements on outcomes, affordability or other performance metrics, driving more accountability on the part of providers to be part of the systemic and transformative solution. Specifically, CMS has asked all Medicaid programs to transform 50% of their payments to value based payments by 2025, which HCPF is actively pursuing. Top advances include primary care, maternity, prescription drugs (both with manufacturers and prescribers), hospitals (the Hospital Transformation Program), and specialists and facilities (providers of distinction). This work will drive changes not only to Health First Colorado outcomes and affordability but also to commercial and Medicare affordability and outcomes as well.

7. Health Disparities

COVID-19 has helped to shine a light on the egregious health disparities that are prevalent across the health care system. [SB21-181](#)³³ requires all state departments to create a plan to better address health disparities. Those plans were due Jun. 30, 2022, and will be implemented in the next fiscal year. The Department implemented more sophisticated data stratification analytics to identify health disparities. This informed our four focus areas: COVID-19, maternal care, behavioral health and prevention. The Department is applying a health equity lens across our programs and initiatives. Effective July 1, 2022, health equity plans are now in every one of our vendors' contracts. This important lever is foundational in achieving desired health outcomes as well as decreasing disparities for our members. In addition to targeted interventions to population needs and health priorities, listening to the lived experiences of our members and shoring up our data collection will help guide the Department's decisions and innovations to improve quality of care.

8. Colorado's Aging Population

Due to declining birth rates and the number of individuals aging into the 65 and older population, Colorado's population makeup is shifting dramatically. Between 2010 and 2020, the number of Coloradans 65 and older grew by 320,000. Coloradans 65 and older contribute to 43% of Colorado's population

³³ <https://leg.colorado.gov/bills/sb21-181>

growth.³⁴ Indeed, Colorado is the second fastest aging state in the country, and Health First Colorado, as the primary payer of long-term care, is witnessing the impacts of this demographic change. In addition to leveraging the opportunity that ARPA presents to make significant investments in Home and Community Based Services to ensure older adults can continue to age in their community, the Department has also taken steps to bolster other key benefits and services to ensure a continuum of care is available.

Over the past five years, the Department has seen a steady growth of 12.9% in Program for All Inclusive Care for the Elderly (PACE) program expenditures. Given PACE's expansion in Colorado, the Department is taking steps to improve the overall quality of the program and its value. The Department was the first in the nation to begin collecting detailed encounter data from PACE organizations to understand the services being delivered. Further ensuring a comprehensive focus on quality and outcomes, the Department will be overhauling PACE oversight in Colorado, with the goal of setting expectations for PACE organizations to ensure active compliance with our regulations, thereby increasing overall quality. The Department will also be developing a pay for performance structure. In collaboration with PACE organizations, the Department will identify key performance measures that increase quality of care. These measures will have a financial incentive attached to ensure high quality PACE organizations are rewarded for the value they provide. Through these efforts, Colorado is at the forefront of ensuring responsible growth and increased performance within Colorado's PACE program.

The state's skilled nursing facilities are another critical provider of both short and long-term care for older Coloradans. Caught at the epicenter of the pandemic, nursing facilities experienced the trifecta of incredibly high mortality rates, extreme turnover and rising costs with declining member census. These facilities have yet to rebound, putting their long-term sustainability at risk. In FY 2021-22, nursing facilities have faced escalating challenges maintaining adequate staffing due to rising labor costs and burnout from the COVID-19 pandemic. Keeping nursing facilities afloat is important,

³⁴ 2020 Population Summary, State Demography Office, https://www.google.com/url?q=https://demography.dola.colorado.gov/assets/html/reports.html&sa=D&source=docs&ust=1654710016211918&usg=AOvVaw3lC-g8_jzkwnhoAl-DdT3U



particularly in rural communities where they not only allow individuals to remain close to relatives and friends, but they also serve as a bedrock for the local economy. To address these challenges, the Department has invested \$24,386,730 in FY 2021-22 with an additional \$2,413,000 coming in FY 2022-23. Focusing attention on the workforce, the Department has additionally committed funds to ensure all workers in these settings receive a base wage of \$15 per hour.³⁵ The Department also realized that this is not a short-term problem, but rather an issue many decades in the making. For this reason, HCPF will work in collaboration with the state’s nursing facilities to create a statewide plan outlining recommendations to permanently change provider reimbursement policy to prioritize quality, sustainability and sound fiscal stewardship. The plan will be developed by November 2022 and will provide the path towards long-term transformation, ensuring these critical providers remain viable and available for those who need them.

³⁵ Current wages for home health care workers range across states from \$10.77 per hour in West Virginia to \$16.99 per hour in Massachusetts. *All states must set higher wage benchmarks for home health care workers*, Economic Policy Institute, Jun. 2, 2022. <https://www.epi.org/publication/state-home-health-care-wages>



Performance Evaluation: Fiscal Year 2021-22, Q3

There were two Wildly Important Goals ([WIGs](#))³⁶ in HCPF's FY 2021-22 performance plan: 1) Medicaid Pharmacy Cost Control, and 2) Eligibility Technology Supports. Data from these measures is reported below.

WIG 1, Q3: Controlled Medicaid Pharmacy Cost

The fastest growing cost driver in health care is pharmaceuticals. This affordability impact has a direct impact on patients. In fact, one in three Coloradans either cannot fill a prescription, cut pills in half or skip doses because of the cost.

Coloradans who qualify for Health First Colorado are more likely to have a disability and/or lower income than other Coloradans, and many have complex health needs. It is crucial that they have access to affordable medications, which is why Health First Colorado does not charge a premium, does not have a deductible and has very low co-pays.

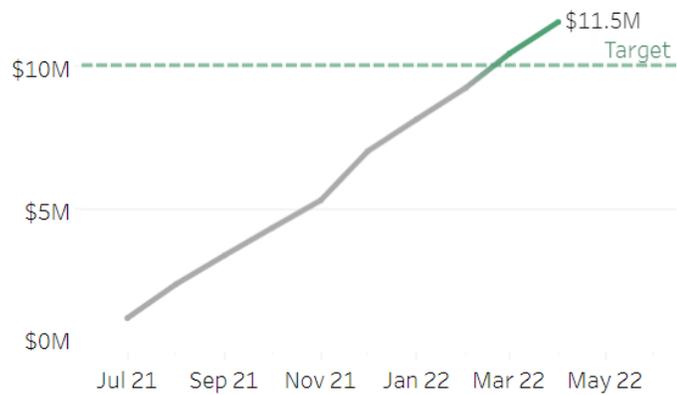
To protect these benefits and the affordability of care for Health First Colorado members, WIG 1: Medicaid Pharmacy Cost Control, builds on progress made in the prior fiscal year to further increase savings on pharmacy costs by an additional \$10 million (for a total of \$22 million) through related initiatives by June 30, 2022. Successful completion of this goal puts downward pressure on the fastest growing cost driver in health care. It also establishes a new norm among prescribers to prioritize drugs that are effective and affordable. Finally, this WIG focuses on pharmacy cost control through a variety of initiatives such as pricing methodologies, prescriber tool adoption and value based purchasing contracts with drug manufacturers that hold them more accountable to deliver on their clinical promises on high cost specialty drugs, with financial provisions that improve Health First Colorado affordability.

Current performance:

As you can see, the Department has achieved more than an additional \$10 million in pharmacy cost savings even before the end of this fiscal year (which will total more than \$22 million in savings over the past two fiscal years):

³⁶ <https://dashboard.colorado.gov/departments>

Save an additional \$10M on pharmacy costs through pharmacy cost control initiatives by June 30, 2022.



WIG #1: Increase savings on pharmacy costs by \$10 million through pharmacy cost control initiatives by June 30, 2022.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
\$1,163,469	\$1,183,842	\$1,009,875	\$950,390	\$966,657	\$1,719,901	\$1,108,074	\$1,088,905	\$1,206,595	\$1,098,648

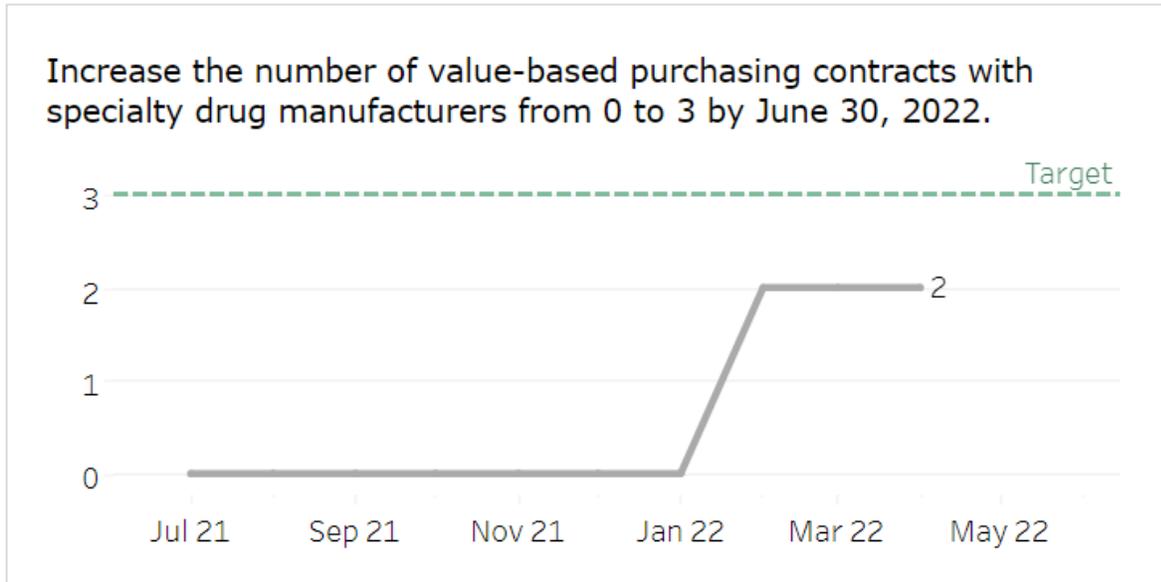
Status: Achieved

Update: Savings year to date is \$11,496,356, exceeding the \$10 million goal.

To achieve this WIG, the Department implemented three initiatives to decrease Health First Colorado pharmacy expenses by implementing cost controls, electronic prescribing tools that empower providers to choose the most cost-effective drugs for their patients, and provider reimbursement models that help drive affordability and accessibility of prescription drugs.

1. Increased Value Based Purchasing Contracts

Our first lead measure increases the number of value based purchasing contracts with specialty drug manufacturers from zero to three by June 30, 2022. The Department has implemented two contracts and is working on the last contract, as of the writing of this report:



Key Measure 1: Increase the number of value based purchasing contracts with specialty drug manufacturers from 0 to 3 by June 30, 2022.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
0	0	0	0	0	0	0	1	2	2

Status: On Track

Update: We are close to finalizing our third contract. We are pushing for a July 1 start date.

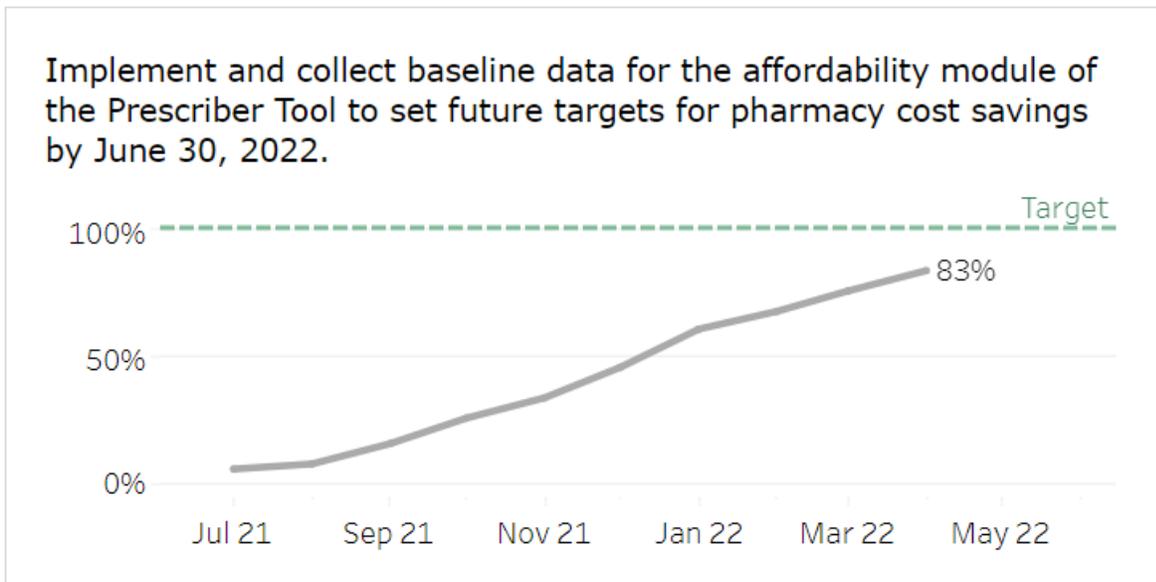
2. Implemented Prescriber Tool Affordability Module

Our second lead measure is to implement and collect baseline data for the affordability module of the Prescriber Tool to set future targets for pharmacy cost savings. The [Prescriber Tool](#) affordability module helps employers and Coloradans save money on health care by empowering providers with information on prescription drug costs and affordable alternatives.³⁷ It reduces rework and administrative burden for providers while improving convenience for patients, too. The goals of the Prescriber Tool are to help improve patient

³⁷ <https://hcpf.colorado.gov/prescriber-tool-project>

health outcomes and service, reduce administrative burden for prescribers and improve prescription drug affordability. Colorado provides a cohesive Prescriber Tool that supports patients and health care providers in both Health First Colorado and commercial health plans. This shared tool makes it easier for all stakeholders to work together to make prescription therapy more affordable and thereby improve patient health to the benefit of Coloradans, employers, payers like Health First Colorado, and the state.

The Department continues to be on track to fully achieve this measure by fiscal year end:



Key Measure 2: Implement and collect baseline data for the affordability module of the Prescriber Tool to set future targets for pharmacy cost savings by June 30, 2022.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
5%	7%	15%	25%	33%	45%	60%	67%	75%	83%

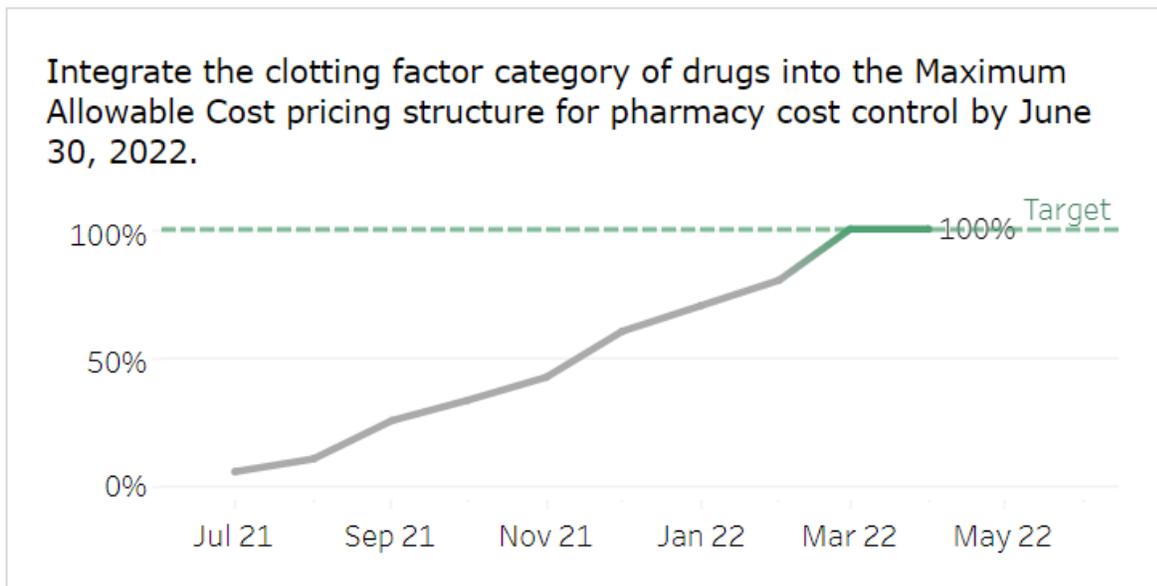
Status: On Track

Update: Reporting is now sufficient for developing future targets for pharmacy cost savings.

3. Reduced Clotting Factor Drug Costs

Our third lead measure is to integrate the clotting factor category of drugs into the Maximum Allowable Cost (MAC) pricing structure for pharmacy cost control. The MAC methodology for prescription drugs is the primary savings driver for cost savings. We implemented an alternate payment methodology for the clotting factor category of drugs in the last quarter of FY 2021-22.

The Department has completed the integration ahead of fiscal year end:



Key Measure 3: Integrate the clotting factor category of drugs into the MAC pricing structure for pharmacy cost control by June 30, 2022.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
5%	10%	25%	33%	42%	60%	70%	80%	100%

Status: Achieved

Update: The Medical Services Board approved the related rule change. Went live as planned on April 1.

WIG 2, Q3: Improved Eligibility Technology Supports

The Health First Colorado and CHP+ member renewal process can be time and labor intensive for members as well as for county workers. Individuals who need medical assistance through Health First Colorado and CHP+ must be served well by our processes, operations and our partners. Recognizing this quest, and the increase in membership managed by our county and medical assistance site eligibility partners, we focused this WIG on increasing the use of automation to support self-service

empowerment. Self-service renewals have several benefits, including reducing or even eliminating burden on members, improving data quality and processing accuracy, and freeing eligibility worker time to focus on complex cases and member service.

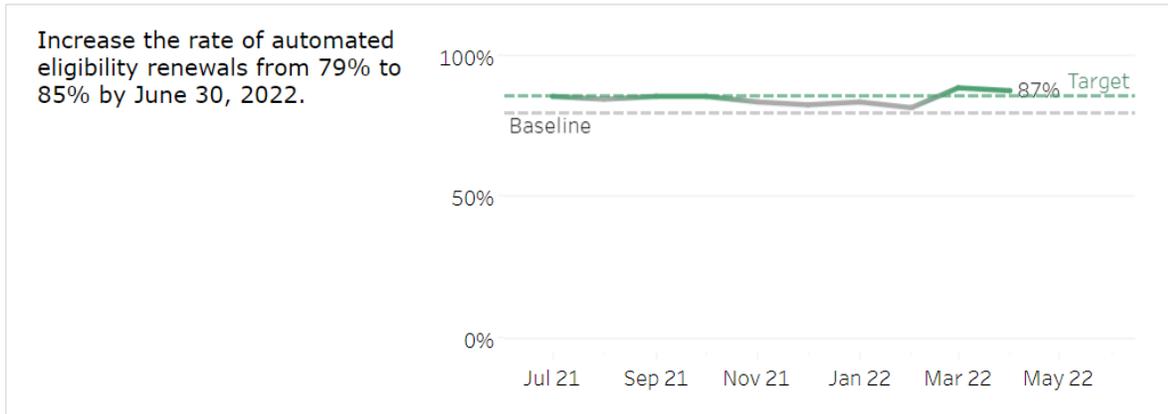
Automated renewals can be triggered for members whose eligibility can be determined based on acceptable electronic data sources like income verification through Equifax or addresses through the U.S. Postal Service system. The automated process can trigger renewal packets, renewal processing and even renewal determinations using income data on file and verification through the Colorado Department of Labor & Employment. This reduces the need for members to do paperwork and provide documentation.

This streamlined process was further enhanced with a near real-time interface to verify income with the Federal Data Services Hub Work Number and through the Equifax vendor to speed up the income verification process. Additionally, HCPF implemented an improved renewal process that leverages interfaces and makes quicker determinations up front so that we do not need to send renewals to members and we have more accurate, current data for eligibility determinations. This also positions us strongly for the work ahead of us when the public health emergency ends and we will need to review eligibility for all members.

Successful completion of this WIG makes it easier for members to maintain health coverage. It increases application accuracy, improves service to customers and expands county worker time to be able to focus on more complex case work, expediting in-person services to members who need those most. In addition, online tools meet Americans with Disabilities Act accessibility standards, include Spanish as a preferred language option and were designed with feedback from multiple stakeholder groups and partners.

Ninety-percent automation is the estimated maximum threshold for eligibility renewals because a portion of the population will always need and/or prefer in-person application assistance, especially those in long-term care. We have worked over the last few years to significantly improve the member service experience. This goal reflects that quest, through our continued focus on automation, which improves accuracy, speed and digital capabilities that support self-service empowerment.

While this rate fluctuates each month as we work through backlogs and make improvements, on average, we have maintained 84% automated eligibility renewals to date and anticipate that percentage will continue to rise month over month through the remainder of this fiscal year:



WIG #2: Increase the rate of automated eligibility renewals from 79% to 85% by June 30, 2022.

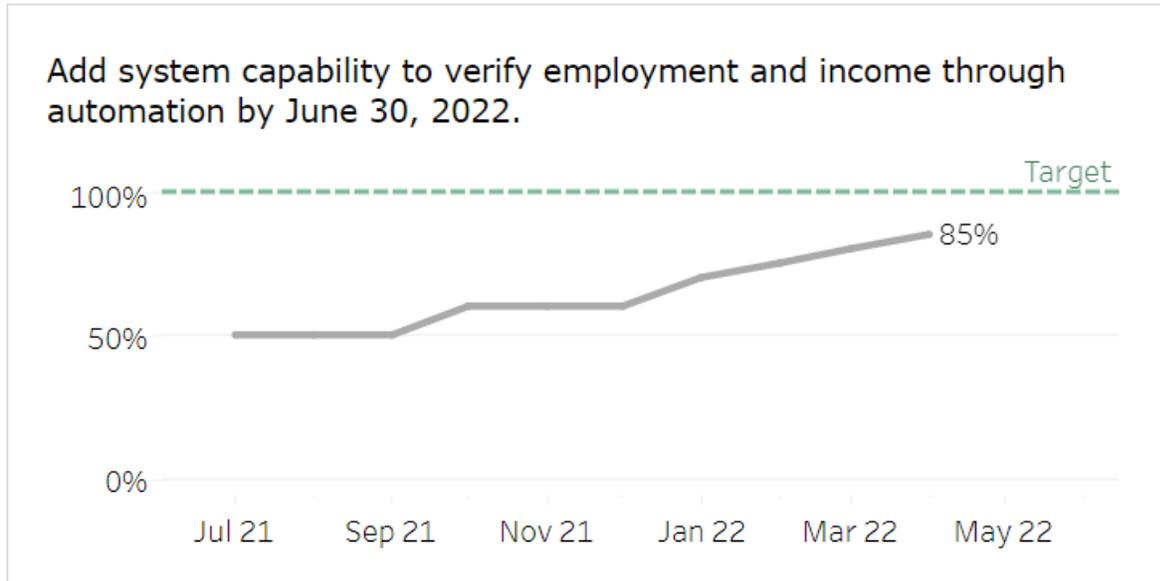
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
85%	84%	85%	85%	83%	82%	83%	81%	88%	87%

Status: On Track

Update: As of April 2022, the average is 84% with the most recent months above the 85% target - at 88% and 87% respectively. This does not reflect the additional value-add of reduced correspondence also generated by automation innovations, nor our improved compliance as we guide members to add their signature to renewal documents where necessary, per CMS guidance.

1. Increased System Automation

Our first lead measure is to add system capability to verify employment and income through automation by June 30, 2022. We are on track to complete this project by fiscal year end:



Key Measure 1: Add system capability to verify employment and income automatically with external vendors such as Equifax and the Colorado Department of Labor & Employment by June 30, 2022.

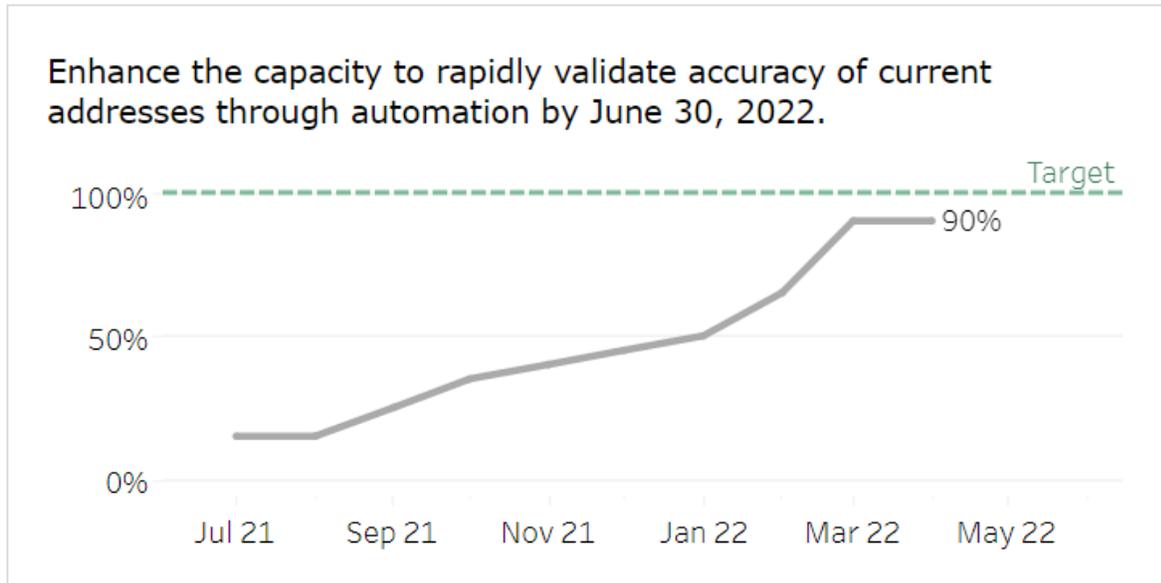
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
50%	50%	50%	60%	60%	60%	70%	75%	80%	85%

Status: On Track

Update: This is 85% complete. The interface is live, and we are working on data analysis.

2. Enhanced Accuracy Validations

Our second lead measure is to enhance the capacity to rapidly validate the accuracy of current addresses through automation by June 30, 2022. We remain on track to complete this project by fiscal year end:



Key Measure 2: Enhance the capacity to rapidly validate accuracy of current addresses by working with additional automated third-party data sources by June 30, 2022.

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
5%	15%	25%	35%	40%	45%	50%	65%	90%	90%

Status: On Track

Update: The Phase 2 interface is underway, with 90% of counties live. The statement of work is in process for public health emergency address validation.

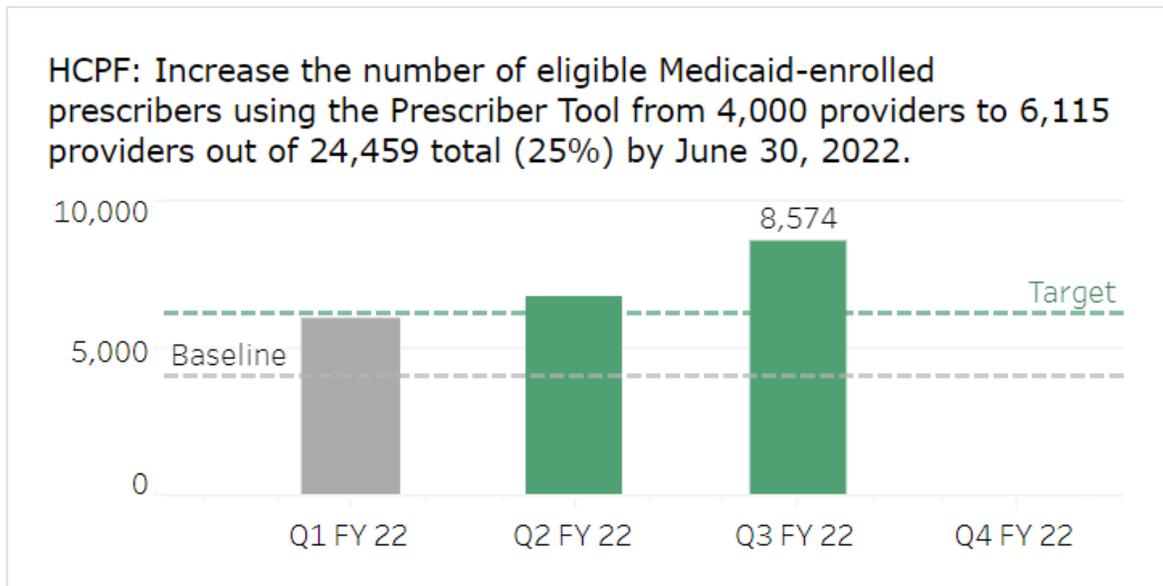
Shared Agency WIGs: Governor’s Health Cabinet

In addition to the two Department-specific Governor’s WIGs above, HCPF partnered with the Governor’s Office of Saving People Money on Health Care and the Colorado Departments of Human Services, Public Health & Environment and Regulatory Agencies (CDHS, CDPHE and DORA) to accomplish shared agency prioritized WIGs:

1. Reduced Pharmacy Costs

This Health Cabinet goal creates the programmatic, preventive and administrative infrastructure necessary to continue current policies and implement new reforms that save both consumers and employers money on pharmacy costs.

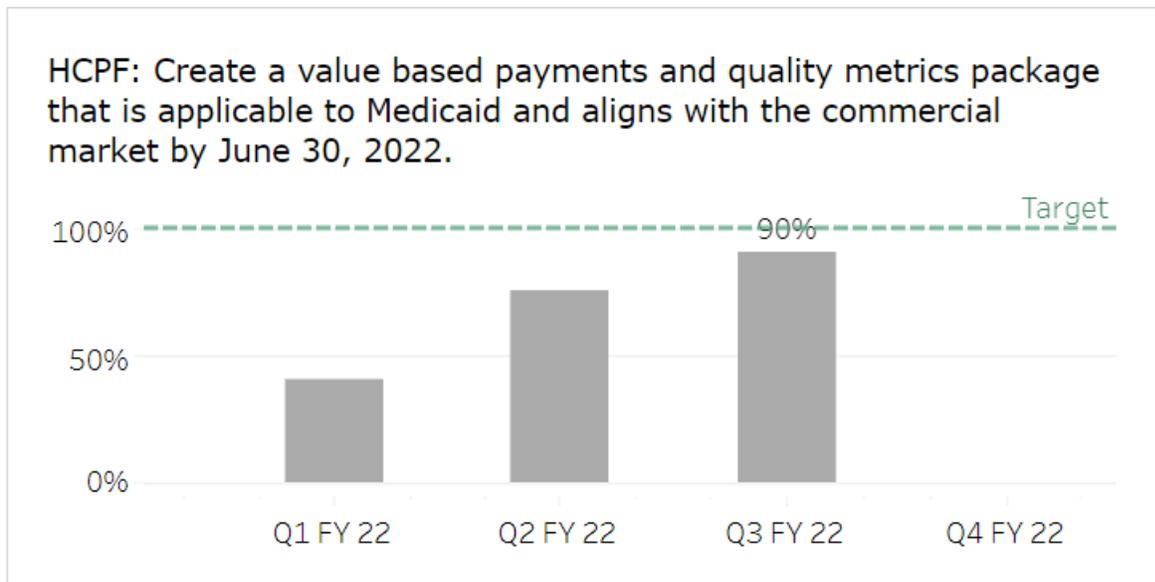
HCPF’s outcome measure increases the number of eligible Health First Colorado enrolled prescribers using the Prescriber Tool from 4,000 providers to 6,115 providers out of 24,459 total (25%) by Jun. 30, 2022. The Department has exceeded that goal, with 8,638 users as of April 2022. Data through March 2022 is below:



2. Reduced Large Employer Insurance Market Costs

This Health Cabinet goal gives payers, including employers and the state, the tools to reduce per-capita and out-of-pocket costs; in turn, this goal helps improve the value of care and coverage to Coloradans.

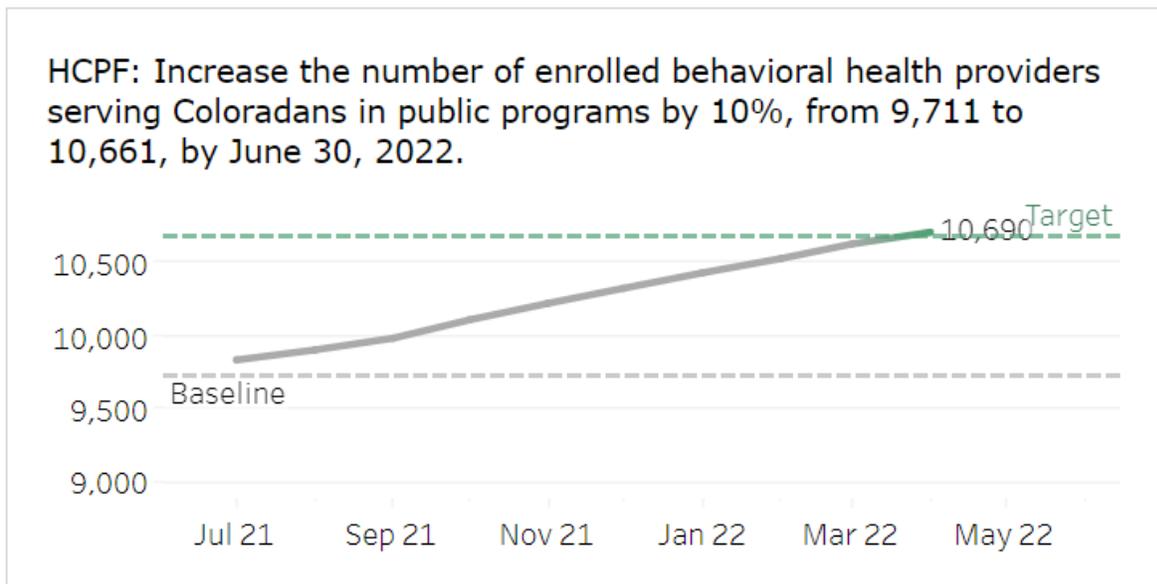
HCPF's outcome measure creates a package of value based payments and quality metrics that is applicable to Health First Colorado and aligns with the commercial market by June 30, 2022. As of April 2022, the Department achieved this measure. Data through March 2022 is below:



3. Increased Access to Behavioral Health

This Health Cabinet goal builds capacity in Colorado’s behavioral health system to increase access to care and further the health and well-being of Coloradans.

HCPF’s outcome measure increases the number of enrolled behavioral health providers serving Coloradans in public programs by 10%, from 9,711 to 10,661, by June 30, 2022. As of May 2022, we have exceeded our target with 10,795 newly enrolled behavioral health providers. Data through April 2022 is below:



Key Accomplishments

HCPF’s work is segmented by strategic pillars. In addition to being on track to achieve our Wildly Important Goals (described above), below are some of our FY 2021-22 accomplishments organized by pillar:

1. Care Access

In FY 2021-22, HCPF worked to improve member access to affordable, high-quality care:

- Supported membership growth of Health First Colorado/CHP+, up 30% since the start of the pandemic and now covering more than 1.6 million (one in

four) Coloradans. Helped hold the Colorado uninsured rate steady at 6.6% through the pandemic by keeping Coloradans covered.³⁸

- Increased our provider network by 28% over the past few years to increase member access to care, now at a total of 95,000 providers.
- Obtained General Assembly approval to increase provider reimbursement rates by two percent across the board. Raised the minimum base wage for all home and community-based services and nursing facility direct care workers to \$15 per hour. Extended the 2.11% increased home and community-based services reimbursement rate through July 31, 2022.
- Led the nation in ARPA plan implementation with 63 ARPA HCBS initiatives underway to transform home and community-based services.
- Partnered closely with Connect for Health Colorado, counties and other stakeholders on coverage continuity planning, operations, communications and partner engagement to prepare for the end of the public health emergency and keep Coloradans covered.
- Increased access to equitable reproductive health by expanding family planning to additional populations and extending pregnancy eligibility from 60 to 365 days.
- Implemented remote support service option rules for members with disabilities, effective January 2022.
- Implemented the final stage of [Electronic Visit Verification](#) Feb. 1, 2022.³⁹
- Invested in rural health care access by helping to secure \$10 million for rural hospital sustainability and \$11 million for rural provider health connectivity.
- Helped secure \$27 million in one-time support for nursing facilities to help ensure that care is there for those who need it.
- Supported legislation to make sure Colorado’s health care delivery system is able to accommodate increased capacity and demand needed in future surges ([HB22-1401](#)).⁴⁰

³⁸ <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>

³⁹ <https://hcpf.colorado.gov/evv>

⁴⁰ <https://leg.colorado.gov/bills/hb22-1401>



- Supported legislation that allows more children and pregnant persons to be eligible for health coverage through a new program that the Department will administer ([HB22-1289](#))⁴¹; this legislation also removed a barrier for our CHP+ families by eliminating the enrollment fee.

2. Member Health

In FY 2021-22, HCPF worked to improve member health outcomes and reduce disparities in care:

- Minimized member COVID-19 vaccine disparities among racial and ethnic groups to less than a three percentage point difference, while working to close the vaccination rate between Coloradans with low income and all Coloradans.
- Published the first-of-its-kind [Health First Colorado Maternity Report](#) based on groundbreaking new dashboards, held a [Maternity Report Webinar](#) and launched a [Maternity Advisory Committee](#) to identify and address disparities in maternal care and improve maternal health outcomes.⁴² Began enrolling beneficiaries into integrated obstetric and substance use disorder treatment services in May 2022, with the support of the \$5 million Maternal Opioid Misuse Model federal grant award.
- Implemented a comprehensive and culturally responsive Department Health Equity Plan and added that to our contracts, effective Jul. 1, 2022, to reduce health disparities. Improved the Department’s ability to stratify data by race/ethnicity to identify disparities. Piloted the health equity framework and spread it throughout the Department. Held six health equity public meetings to date to incorporate member, stakeholder and community feedback (on track to hold 12 meetings).
- Designed provider incentives and value based payments that reward improved access to quality care, reduce disparities, improve outcomes and drive affordability: achieved federal approval of primary care payment reform with Colorado’s community health centers, designed the primary

⁴¹ <https://leg.colorado.gov/bills/hb22-1289>

⁴² <https://hcpf.colorado.gov/publications> and <https://hcpf.colorado.gov/maternity-advisory-committee>

care partial capitation model, expanded the [maternity bundle](#)⁴³ and implemented the [Hospital Transformation Program](#).⁴⁴

- Collaborated with other state agencies and the legislature on developing [Behavioral Health Transformational Task Force recommendations](#) to improve Colorado’s behavioral health system and put people first.⁴⁵
- Partnered with the Colorado Department of Corrections to increase behavioral health engagement for Health First Colorado eligible individuals leaving state prisons within 14 days of release from 13.4% to 25.0%.
- Improved performance monitoring through increased access to additional data, the development of more sophisticated analytics, and producing meaningful insights to inform quality monitoring and improvement. Additionally, for the first time, the Department now has integrated clinical data based on medical records (not just administrative claims) that will help us monitor and improve key quality measures like depression screening, blood pressure control, diabetes blood sugar control, child weight and adult weight.
- Directed ARPA funding toward transformational projects related to strengthening the behavioral health safety net, stabilizing behavioral health crisis services, improving behavioral health access and integrating behavioral health into primary care; closing gaps in the care continuum such as improving the affordability and accessibility of rural care; addressing health disparities with a focus on COVID-19 vaccination rates; targeting services to high-risk populations especially our members with disabilities and adults 65 and older; and funding new wraparound services such as housing supports.

3. Operational Excellence & Customer Service

In FY 2021-22, HCPF worked to provide excellent service to members, providers and partners, and operate using compliant, efficient and effective person- and family-centered practices:

⁴³ <https://hcpf.colorado.gov/bundled-payments>

⁴⁴ <https://hcpf.colorado.gov/colorado-hospital-transformation-program>

⁴⁵ <https://leg.colorado.gov/committees/behavioral-health-task-force/2021-regular-session>

- Reduced provider and member call center average answer speeds to under 25 seconds.
- Achieved a record low correspondence error rate of 0.012% (out of 1.38 million communications); reduced the previous error rate by 50%.
- Led other state Medicaid agencies in [fastest claims submission](#).⁴⁶ Provider claims are currently processed and paid in less than four days. Paid more than 36 million medical and pharmacy claims⁴⁷ from May 2021 to April 2022.
- Processed 97% of medical assistance applications within 45 days.
- Handled the 30% growth in membership without having any major operational issues, including successfully completing 125 projects with zero defects for the Medicaid Management Information System (MMIS, our claims management system) since Sept. 1, 2019.
- Readied for the end of the PHE including: developed resources to ensure consistent messaging, automated renewal processes, reformatted the renewal packet for clarity, enhanced online member tools, used intelligent character recognition (ICR) to minimize data entry and improve quality, and enhanced training and business processes. As a result, 34% of renewals are now completely automated and “real-time eligibility” for eligible renewals is now 86%. We are achieving 99%+ accuracy for extraction of handwritten information and 87%+ accuracy of extracted fields that do not require manual review.
- Updated digital technology so that members can now view coverage status, learn about benefits, update information in real time, upload documents, find providers, see upcoming deadlines, view their member ID card, view correspondence, complete renewals and receive push notifications. As of April 2022, the app is rated by thousands at 4.7/5 on Apple and Google.
- Created a centralized return mail center, created an overflow application processing center and piloting ocular character recognition (OCR) with three counties to massively reduce manual data entry.

⁴⁶ www.medicaid.gov/state-resource-center/downloads/covid-19-medicaid-data-snapshot-08-31-2021.pdf

⁴⁷ Includes paid fee-for-service claims, mass adjustments and provider initiated adjustments



- Revised county administration rules to increase oversight and improve transparency in county performance, in collaboration with county partners. Integrated county and eligibility site performance scorecards.
- Improved customer service and overall member experience by applying feedback from members obtained through our Member Experience Advisory Council, member surveys about what’s working and not working from members’ perspectives, member interviews, and usability and accessibility testing sessions to improve online benefits management and the Health First Colorado mobile app.
- Aligned member experience surveys with CMS reporting requirements through the standardized administration of the CAHPS 5.1H Adult and Child Medicaid Health Plan Survey, so that we will be able to conduct comparisons to national benchmarks and Regional Accountable Entity results will be more comparable to other health plans and statewide averages.
- Improved the Colorado Benefits Management System (CBMS) by implementing 28 HCPF-specific projects totaling over 33,000 hours of work that supported many of the above mentioned initiatives as well as our ongoing pandemic response and increased automation, accuracy and customer and user experiences.

4. Health First Colorado Cost Control

In FY 2021-22, HCPF worked to ensure the right services, in the right place, at the right time, for the right price for Health First Colorado members:

- Kept cost trends flat on a per-member per-month (PMPM) basis. Average PMPM costs decreased from \$550 PMPM in calendar year (CY) 2019 to \$543 PMPM in CY 2021.
- Increased provider use of the prescriber tool to reduce per-capita, out-of-pocket spending on medications, while maintaining member access to high-quality, clinically effective medications.
- Implemented historic, new Health First Colorado value based contracts that hold drug manufacturer Novartis accountable for its clinical promises on two drugs.

- Implemented the performance-based Hospital Transformation Program to improve quality of care and health outcomes as well as drive value.
- Kept the Department’s administrative overhead under four percent (staff and vendors), which is significantly lower than major commercial carriers’ average at 13.5% administration load; more than 96% of our budget goes directly to paying health care providers for providing health care services to members. Eliminated two HCPF properties with the third in motion, and renegotiated ultimate leased space to allow for building consolidation, reducing square footage and saving an estimated \$1.3 million.
- Achieved CMS approval of Alternative Payment Model 2 for federally qualified health centers, shifting payment from being volume-based to a patient-based model to allow providers to spend more time with patients, expand engagement with communities to address issues impacting the health of populations and better manage patients with chronic conditions.
- Made progress on tying payment to performance on quality, equity and affordability with almost 15,000 members being served by primary care providers being paid under Alternative Payment Model 2 primary care partial capitation program and about 25% of Health First Colorado births being delivered by maternity care providers being paid under the maternity bundle.
- In the first three quarters of the fiscal year, HCPF recovered and avoided \$103.5 million in claims where commercial health coverage and Medicare are primary to Health First Colorado.

5. Affordability Leadership for All of Colorado

In FY 2021-22, HCPF contributed to saving people money on health care:

- Hosted the March 2022 [Health Cabinet Policy Summit](#) for approximately 1,000 attendees across media, legislators, providers, advocates, health plans and other stakeholders.⁴⁸
- Published the [Hospital Insights Report](#), a synthesis of insights from six legislative reports to increase transparency into hospital affordability.⁴⁹

⁴⁸ <https://hcpf.colorado.gov/affordability>

⁴⁹ <https://hcpf.colorado.gov/hospital-reports-hub>

- Supported and passed legislation to increase Colorado hospital price transparency ([HB22-1285](#))⁵⁰ that the Department will help to implement.
- Continued to implement a Canadian drug importation program to bring prescription drug savings to Colorado consumers and employers.
- Selected by the federal government as one of four states where Medicare will join Medicaid’s value based payment innovations, specific to primary care, with positive statements about state payment transformation leadership.⁵¹
- Implemented the Hospital Transformation Program (HTP) to improve the quality of hospital care provided to Health First Colorado members by tying provider fee funded hospital payments to quality-based initiatives and increased net funding to hospitals by \$150 million this fiscal year.
- Supported the passage of [HB22-1370](#),⁵² sharing the more than 16% prescription drug savings with employers and individuals not already benefiting from drug manufacturer rebates, and 22% on brand name drugs, as reported in the [affordability dashboard](#).⁵³ This informed recommendations in the Department’s [2021 Reducing Prescription Drug Costs in Colorado Report](#).⁵⁴
- Participated on the Prescription Drug Affordability Advisory Council (PDAAC), which advises the Prescription Drug Affordability Board and recommends ways to address prescription drug costs.
- Participated on the Center for Improving Value in Health Care (CIVHC) Board of Directors to help address health care costs and value.

6. Employee Satisfaction and Equity, Diversity, Inclusion and Accessibility

In FY 2021-22, HCPF worked to empower staff and improve equity, diversity, inclusion and accessibility:

⁵⁰ <https://leg.colorado.gov/bills/hb22-1285>

⁵¹ <https://hcpf.colorado.gov/innovative-health-care-payment-and-delivery-to-be-piloted-in-colorado>

⁵² <https://leg.colorado.gov/bills/hb22-1370>

⁵³ <https://www.civhc.org/get-data/public-data/affordability-dashboard-2/>

⁵⁴ <https://hcpf.colorado.gov/publications>

- HCPF’s overall employee engagement score was 76% with an upward trend when looking over the past few years; on every question, scored 60% or higher and above the state average.
- Achieved a higher than 85% staff retention rate.
- Completed over 100 compensation reviews as part of our retention and equity, diversity, inclusion and accessibility (EDIA) efforts.
- A HCPF staff member was selected as one of 10 National Academy for State Health Policy Emerging Leaders of Color Fellows (out of 162 applicants nationwide).
- More than 40 staff participated in our equity, diversity, inclusion and accessibility (EDIA) committee and subcommittees to promote and inspire the advancement of EDIA within HCPF and with our partners. Held more than 25 EDIA events attended by hundreds of staff. Launched a quarterly staff EDIA newsletter to advance health equity.

HCPF leadership and staff are proud of all we have accomplished in FY 2021-22 in collaboration with our partners, providers, stakeholders, members and employees, especially given the headwinds created by COVID-19. We thank our many partners and stakeholders for the above outstanding achievements. We look forward to continuing our efforts to achieve our mission of *“Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.”*

In the next section, you can read more about our performance plan for the next fiscal year.

Performance Goals: Fiscal Year 2022-23

HCPF's "Wildly Important Goals" (WIGs) reflect the major goals of HCPF, developed in collaboration with the Governor's Office. WIGs adhere to the "SMART" goal format, meaning they are specific, measurable, achievable, relevant and time bound.

WIG 1: Medicaid Value Based Payments

Increase the number of Coloradans served by primary care providers moving to more advanced Alternative Payment Models by June 30, 2023.

Successful completion of this goal will result in more Health First Colorado members being served by primary care providers incentivized to provide high quality, affordable health care to support improved patient outcomes, reduced disparities and increased Health First Colorado affordability.

Traditional fee-for-service payment models reward volume over health outcomes or quality performance, and do not incentivize care providers to prioritize affordability results or patient health outcomes like closing health disparities. The federal government has asked state Medicaid programs to move 50% of payments to value based payments by 2025. To address these opportunities, the Department has implemented payment reform programs and continues to develop new payment methodologies that move away from fee-for-service payment and toward alternative payment models that tie financial rewards to performance measures that achieve shared goals, like improving patient health, closing disparities and/or improving health care affordability.

WIG 2: Hospital Price Transparency

Review compliance with hospital price transparency legislation (HB22-1285: Prohibit Collection Hospital Not Disclosing Prices Hospital Transparency) for all 64 Colorado hospitals and develop tools to drive down hospital prices by June 30, 2023.

Successful completion of this goal will allow consumers, employers and insurance carriers to see prices for common procedures at each Colorado hospital. This will also provide communities with transparent pricing information that allows them to have

productive conversations with local hospitals resulting in lower prices and saving people and employers money on health care.

Because Colorado hospitals have not consistently published their prices for medical procedures in a usable format, consumer groups, legislators, employers and other purchasers have been unable to compare prices across hospitals. State legislation passed in 2022 strengthens existing federal requirements for publishing this data, making the data more readily available to HCPF to pull down from each Colorado hospital website and enabling HCPF to create the necessary comparative pricing information for consumers, policymakers, employers and other purchasers.

Draft Health Cabinet WIGs

In addition to the WIGs above, HCPF is partnering with the Office of Saving People Money on Health Care, Colorado Departments of Human Services, Public Health & Environment, Regulatory Agencies and the Behavioral Health Administration (CDHS, CDPHE, DORA and BHA) to accomplish shared agency WIGs that the Health Cabinet, led by Lt. Gov. Dianne Primavera, has prioritized.

Draft Health Cabinet WIG 1: Saving Coloradans Money on Health Care

Increase the number of eligible Medicaid-enrolled prescribers using the Prescriber Tool by June 30, 2023 (tentative).

Draft Health Cabinet WIG 2: Reduce Employer-Sponsored Insurance Costs

Increase the number of Coloradans served by primary care providers moving to more advanced Alternative Payment Models by June 30, 2023 (tentative).

Draft Health Cabinet WIG 3: Standing Up Behavioral Health Administration

Publish rate and cost reports to increase safety net behavioral health system transparency by June 30, 2023 (tentative).

Additional Goals

HCPF manages its priority projects under six pillars, in order to achieve Department goals, that exist each year in addition to the Governor's WIGs and the Health Cabinet WIGs. The pillars have been a cornerstone of achieving our strategic plan for the past several years, and we have refined them to best capture and ensure HCPF focuses on the most important work. Each pillar is below:

1. Care Access

Improve member access to affordable, high-quality care.

2. Member Health

Improve member health outcomes and reduce disparities in care.

3. Operational Excellence & Customer Service

Provide excellent service to members, providers, and partners with compliant, efficient, effective person- and family-centered practices.

4. Health First Colorado Cost Control

Ensure the right services, at the right place, and the right price.

5. Affordability Leadership for All of Colorado

Reduce the cost of health care in Colorado to save people money on health care.

6. Employee Satisfaction and Equity, Diversity, Inclusion and Accessibility

Empower staff and improve equity, diversity, inclusion and accessibility.

Additionally, the Department’s current contracts with the Regional Accountable Entities (RAEs) will end on June 30, 2025. To support the design of Phase III of the Accountable Care Collaborative (ACC) that will begin on July 1, 2025, the Department will begin engaging stakeholders in conversations this summer. There will be various opportunities for stakeholders to help inform the policies and programs to be implemented as part of Phase III, including reviewing a Request for Proposals draft. To keep people informed, the Department will be creating a webpage for this information to be posted. Information about the webpage will be shared once it becomes available.

Process Improvement

The Department is committed to continuous improvements to modernize its existing processes, systems and tools as well as to align business processes to improve operations of the Health First Colorado and CHP+ programs. We use a combination of Lean Six Sigma and the Performance Measurement Process (PuMP). Covering one in four Coloradans during a fiscal downturn necessitates innovations that prudently control costs and improve health, enabling us to better protect provider reimbursements and member benefits. The Department’s administrative costs are less

than 4% of our budget, which is significantly lower than the average commercial carrier administrative costs of more than 13%. Our efficiency enables us to allocate more than 95 cents on every dollar to care. We have also utilized professional coaches and are investing in equity, diversity, inclusion and accessibility initiatives to help all of our employees - leadership and staff - rise and thrive at the Department as part of our continuous improvement approach.

Given that fewer than 5% of members contribute over 50% of claim costs, the Department partners with our delivery system on process improvement. The Department will continue to hold Regional Accountable Entities (RAEs) accountable for condition management programming with specific focus on maternity, diabetes and members with complex care needs. The Department will work with RAEs to strengthen Primary Care Medical Provider-based condition management programs, set performance measures and goals, and improve risk stratification among members to identify members to participate in the program. The Department will monitor RAE performance and guide continuous improvement regarding the targeted populations and chronic conditions by introducing cost and additional health outcome metrics into the Performance Pool program. Additionally, under the Hospital Transformation Program, hospitals are required to implement quality based initiatives and projects to receive supplemental payments and demonstrate meaningful community engagement and improvements in health outcomes over time. These represent some of our major performance improvement efforts; further details are included in the reports referenced in the next section below.

Related Resources

[HCPF 2020-2021 Annual Report](#)⁵⁵

[Health First Colorado Maternity Report](#)⁵⁶

[Health Equity Plan](#)⁵⁷

[HCPF Hospital Reports Hub](#)⁵⁸

[HCPF Affordability Toolkit](#)⁵⁹

[Accountable Care Collaborative Implementation Report - December 2021](#)⁶⁰

⁵⁵ <https://hcpf.colorado.gov/publications>

⁵⁶ <https://hcpf.colorado.gov/publications>

⁵⁷ <https://hcpf.colorado.gov/publications>

⁵⁸ <https://hcpf.colorado.gov/hospital-reports-hub>

⁵⁹ <https://hcpf.colorado.gov/affordability>

⁶⁰ <https://hcpf.colorado.gov/legislator-resource-center>

